Office of Inspector General

(dollars in millions)

	1996 Actual	1997 Enacted	1998 Request	Request +/- Enacted
Budget Authority	$37	$35	$32	-$3
Program Level [1/]	81	105	112	+7
Outlays	72	109	113	+4
FTE	943	1,014	1,053	+39

1/ The FY 1998 Program Level for OIG includes an estimate of mandatory funding based on a pro-rata distribution of the FY 1997 allocation in the Health Care Fraud and Abuse Control (HCFAC) Program. Actual FY 1998 funding decisions for the HCFAC Program are pending agreement and certification by the Secretary of HHS and the Attorney General.

Summary

For FY 1998, the Office of Inspector General (OIG) requests a discretionary appropriation of $32 million, a decrease of $3 million below the FY 1997 discretionary level. The OIG will also receive between $80 and $90 million in FY 1998 from the Health Care Fraud and Abuse Control (HCFAC) Account for Medicare related fraud and abuse activities.

The OIG is charged with conducting and supervising audits and investigations relating to programs and operations of HHS; providing leadership and coordination for, and recommending policies and corrective actions concerning, activities designed to promote economy and efficiency in the administration of the Department's programs; and preventing and detecting fraud and abuse in HHS' programs and operations.

The OIG plans to intensify its efforts, and in FY 1998, the Office will focus a substantial amount of its resources in the following program areas:

- Increasing Collections in the Child Support Enforcement Program. These reviews will evaluate various options and methods -- such as the effective use of judicial or administrative processes to revoke various types of State licenses belonging to delinquent non-custodial parents and wage withholding.

- FDA Processes. The OIG will assess the adequacy of the Food and Drug Administration's controls over investigational new drugs, review FDA regulation of Institutional Review Boards, and evaluate FDA Device Safety Alerts.

- Public Health Fraud. Investigations of fraud in public health programs are diverse, complex, and often critical to protecting the health of the American people. These investigations will address grant and contract fraud, research fraud, and allegations of wrongdoing.

- Medicare and Medicaid. The OIG expects to complete work already underway on home health, hospices, nursing home services and several items of durable medical equipment. The office will also continue work involving prescription drug payments in both the Medicare and Medicaid programs. Additional savings and recoveries are expected to come out of that work. Further, the OIG intends to continue similar cooperative activities on these and related subjects at a national level. The OIG will continue its monitoring of physician and hospital reimbursement issues. For example, the office will determine whether a targeted approach for identifying hospital miscoding is effective; the effect of hospital ownership of physician practices on billing practices and utilization; and whether hospitals are correctly coding patient stays. The OIG also plans to assess the physician's role in controlling non-physician services and supplies and will continue reviewing Medicare compliance by physicians at teaching hospitals.

In recent years, the OIG has forged new and stronger links with others in the Federal and State Government, and the private sector who are working toward similar goals. These multi-disciplinary approaches have greatly enhanced the office's ability to carry out its mission. Among these initiatives was the establishment of the Executive Level Health Care Fraud Policy Group, through which the OIG and the Department of Justice have jointly managed the development of investigative cases.

Other cooperative efforts include State and Federal audit partnerships to monitor the Medicaid program and Operation Restore Trust, an ambitious interdisciplinary project in which Federal and State agencies joined to fight fraud, waste and abuse in home health agencies, nursing homes, and the medical equipment and supply industry. The 2-year demonstration project, which ends in March of this year, targeted five States which account for about 40 percent of the Nation's Medicare and Medicaid beneficiaries. The OIG has found cooperative intergovernmental and industry approaches so successful in the past, it will continue to apply these methods to future projects.

OIG OVERVIEW

(dollars in millions)

	1996 Actual	1997 Enacted	1998 Request	Request +/- Enacted
Discretionary Appropriation	$37	$35	$32	-$3
Mandatory (HCFAC Account) [1/]	44	70	80	+10
Total, Funding Resources	$81	$105	$112	+7
FTE	943	1,014	1,053	+39

1/ The FY 1998 estimate of mandatory funding for the OIG is based on a pro-rata distribution of the FY 1997 allocation in the Health Care Fraud and Abuse Control (HCFAC) Program. Actual FY 1998 funding decisions for the HCFAC Program are pending agreement and certification by the Secretary of HHS and the Attorney General.